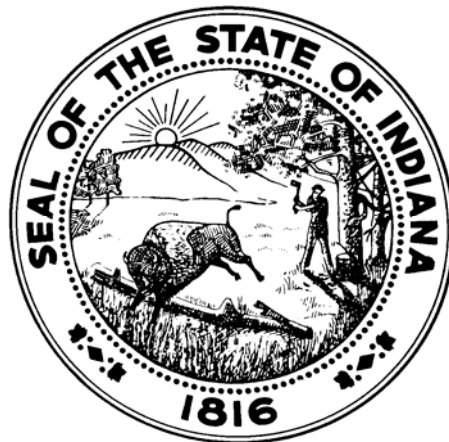


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF ALFORDSVILLE
DAVIESS COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/20/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Marlin Kelso

01-01-04 to 12-31-07

President of the Town Council

Kevin Spond
Dale Hovis

01-01-04 to 12-31-04
01-01-05 to 12-31-06



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ALFORDSVILLE, DAVIESS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Alfordsville (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 12, 2006

TOWN OF ALFORDSVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 12,589	\$ 13,077	\$ 5,378	\$ 20,288
Motor Vehicle Highway	3,413	4,249	-	7,662
Local Road and Street	181	704	-	885
Cumulative Capital Improvement	2,282	418	-	2,700
Proprietary Funds:				
Water Utility - Operating	51,662	65,477	63,138	54,001
Water Utility - Depreciation	5,993	3,000	-	8,993
Water Utility - Customer Deposit	1,350	100	200	1,250
Totals	<u>\$ 77,470</u>	<u>\$ 87,025</u>	<u>\$ 68,716</u>	<u>\$ 95,779</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 20,288	\$ 8,765	\$ 7,333	\$ 21,720
Motor Vehicle Highway	7,662	4,086	-	11,748
Local Road and Street	885	703	373	1,215
Cumulative Capital Improvement	2,700	347	-	3,047
Economic Development Income Tax	-	235	-	235
Proprietary Funds:				
Water Utility - Operating	54,001	71,296	74,491	50,806
Water Utility - Depreciation	8,993	3,000	3,953	8,040
Water Utility - Customer Deposit	1,250	75	-	1,325
Totals	<u>\$ 95,779</u>	<u>\$ 88,507</u>	<u>\$ 86,150</u>	<u>\$ 98,136</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ALFORDSVILLE
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depositary Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

The Town of Alfordsville has withdrawn from the Utility Regulatory Commission.

TOWN OF ALFORDSVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2006, with Marlin Kelso, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.